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Direct Loan Processing Changes for 2002-03

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Objectives

- 2002-2003 Direct Loan Updates
- Tools for Funds Management
- Closeout
- Ideas for 2003-2004
- COD Status Update

New Loan Limit Edits

- Annual Loan Limit edits performed by COD using
  - Student Grade Level
  - HEAL indicator
  - the Additional Unsubsidized Loan for Health Profession Programs flag
- Same academic year or academic year completely within another academic year

Future Dated Disbursements

- Schools can transmit disbursement transactions with disbursement activity date up to seven calendar days in the future.

Local Address

- No reject of Loan Origination records or Change records based on Local Address edits

- Database is only populated when fields pass edits

- If blank, the Local Address fields are NOT populated on the database with the Permanent Address

PLUS

- There is no Master Promissory Note for PLUS in 2002-03

- The previous note will be used for 2002-03

- PLUS processing will continue as is, and will begin May 13, 2002

COD Release 1.0 – April 1, 2002

- Receive, edit, process and return origination and disbursement records for Pell, Direct Loan (except PLUS)

- New COD Website: **http://cod.sfa.ed.gov**
  - Search for a batch of records, student, award, school or Promissory Note
  - View details about batches, students, awards, disbursements, schools or Promissory Notes
  - Update students, awards and disbursements

- **New Customer Service Center**
  - Call the same numbers – 1(800) 4PGRANT for Pell Grants and 1(800) 848-0978 for Direct Loans
  - Enter the Award Year related to your question. Award Year 2002-03 questions will be handled by the new Customer Service Center
  - Prior year questions will be routed to the existing Pell and Loan Origination Centers

COD Release 1.0 – April 1, 2002

- **Available Reports**
  - Pending Disbursement List
  - Funded Disbursement List
  - SSN/ Name/ DOB Change Report
  - Duplicate Student Borrower Report
  - 30 Day Warning Report
  - Inactive Loans Report

COD Release 1.0 – April 1, 2002

- Available Reports (continued)
  - ESOA - origination*
  - MRR*
  - Year to Date Record - origination*
  - SAS*
  - Reconciliation File*

  * Can be requested via on-line data request

- PLUS Record Processing (includes credit checks through COD)
- Additional web functionality
- Additional COD reports

Tools for Schools

Current Funding Level

- The CFL is set at a level sufficient to make funds available to schools to cover their initial disbursement needs for each school receiving funds under advance payment method

- The CFL is akin to the authorization or obligation level in the current process for Pell Grants and the Cash Control Amount for Direct Loans

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How does the CFL increase?

- The CFL increases throughout the year as schools submit and COD accepts actual (not anticipated) disbursement records which substantiate funds that have been drawn.

Substantiating Drawdowns

- To substantiate a draw means to submit and have COD accept actual disbursement records that equal the amount of cash drawn or sent to the school.

- All draws must be substantiated timely in order to comply with the 30 day reporting requirement.

Substantiating Drawdowns

- COD will match actual disbursements to drawdowns on a first-in/first-out basis.

- Each drawdown will be aged to see how long it takes a school to "substantiate" the draw.

Unsubstantiated Cash Balance

- The unsubstantiated cash balance is the difference between cash at school and substantiated draws.

- It lets a school know at any point how much funds haven't been substantiated.

- Viewable on the Web.

Unsubstantiated Cash Balance

If a school does not substantiate cash drawn in a timely manner:

- Call from Customer Service and warning messages

- Freeze cash request (further funds will be temporarily stopped until draws have been substantiated)

- Call for cash (school will be required to return unsubstantiated amounts)

Aging of Drawdowns

From the COD website, schools, Customer Service and SFA will be able to see:

- Each draw,

- How much has been substantiated,

- How many days since the drawdown

Available Balance

- The difference between the CFL and drawdowns (cash at school).

- The available balance is the amount a school can request at any point prior to substantiating more draws.

School Funding Information

SAMPLE SCREEN

U.S. Department of Education
Common Origination & Disbursement

Student Financial Information

Tues July 2   11:06:06 EDT 2002

Person	School	Batch	Award	Reports	User

	Pell	Direct	
Financial Aid Contact			
Eligibility	School Funding Information		
General	University of North Georgia		
Options	For year	2002-2003	
Events	Entity Id	123400	
Funding Info	School Type		
Summary Financial Info			
Excess Cash	CFL	$5,000,000.00	
Drawdowns	Cash at School	$3,000,000.00	
Historical	Available Balance	$2,000,000.00	
Message List			
Message Detail	Amount of Substantiated Cash	$0.00	
	Amount of Unsubstantiated Cash	$3,000,000.00	
	As of Date	7/2/02	
	Date of Last Account Activity	7/1/02	

Closeout

- Where Are We Going?

- How Do We Get There?

- What are the Success Factors?

Where Are We Going?

- Reconciliation – The normal process of matching all disbursements and loans to the LOS

- Rapid Reconciliation – Identifying and assisting schools in their monthly reconciliation and program year closeout:
  - Balance verification
  - Site visits
  - Training
  - By **December 31, 2002**

How Do We Get There?

- Loan Origination Center (LOC) Customer Service Representatives (CSRs)
- Reconciliation (Recon) Accountants
- Client Account Managers (CAMs)
- Direct Loan Operations (DLOPS)

How Do We Get There?

- Your Customer Service Representative of Reconciliation Accountant at the LOC

    1(800) 848-0978 or

    loan_origination@mail.eds.com

- Your regional Client Account Management Staff (see list on following slide)

- Direct Loan Operations (202) 205-6466

How Do We Get There?

CAM Phone List

Region	States	Number
I-Boston	CT, MA, ME, NH, RI, VT	(617) 565-6911
II-New York	NJ, NY, PR, VI	(212) 637-6412
III-Philadelphia	DC, DE, MD, PA, VA, WV	(215) 656-5929
IV-Atlanta	AL, FL, GA, KY, MS, NC, SC, TN	(404) 562-6259
V-Chicago	IL, IN, OH, MI, WI	(312) 886-8766
VI-Dallas	AR, LA, NM, OK, TX	(214) 880-2405
VII-Kansas City	IA, KS, MO, NE	(816) 880-4090
VIII-Denver	CO, MN, MT, ND, SD, UT, WY	(303) 844-3677
IX-San Francisco	AZ, CA, HI, NV	(415) 556-4201
X-Seattle	AK, ID, OR, WA	(206) 615-2637

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How Do We Get There?

■ **Manual Fixes**

– Origination Records

– Disbursements

– Adjustments

– Transactions between program years which need to be processes after GAPS has been closed for prior program years

How Do We Get There?

- **Increased Monitoring**
  - Use LO-Online Reports to monitor activity related to Direct Loan processing weekly
  - Proactively contact schools in priority order based on ending cash balance, unbooked loans, loan period end dates
  - Visit schools as requested to help pull data and train staff as needed

How Do We Get There?

- **Reports**
  - 30-Day Warning
  - DLSAS (New Format)
  - 732
- **LO-Online**
  - Update Processing
  - Turn Reports On or Off

■ **The Compare Program**

– Identify misallocated or missing drawdowns or returns of excess cash (Cash entries are optional)

– Determine loan records that need to be submitted to the LOC

– Identify any outstanding loans that need to be booked

- **The Compare Program will NOT:**
  - Tell you <u>why</u> a cash or loan record is missing or mismatched
  - Resolve internal school issues
  - Tell you why a loan is unbooked
  - Absolve school responsibility for bringing a school to a zero ending cash balance

- **Confirming Close Out**
  - Schools can confirm they are finished with Program Year Close Out
  - Processing at LOC will cease for that year
  - GAPS processing will cease for that year
  - Close Out letter will be sent

What are the Success Factors?

- Reduction in the total Ending Cash Balance
- Increase in total schools within the +/- $1,000.00 range
- Complete all manual transactions submitted by the end of 2002

What are the Success Factors?

- Program Year Close Out for 2000-2001 is June 30, 2002

- Program Year Close Out for 2001-2002 is December 31, 2002

Direct Loan 2003-2004 – It's Never Too Early!!!

- What changes that we've made, or haven't made, are making your processing easier?

- What changes would you like to see?

- What changes are you planning on making to prepare for COD or due to changes in your business processes at your institution?

- What would you like to see on the web?

COD Timeline

2002				
March	**April**	**May**	**June**	**July**
• **March 4 – COD Application Testing begins** • **March 22 – SFA User Acceptance Test complete** • **March 22 – InterSystem Test complete** • **March 22 – COD Application Testing ends**	• **APRIL 1 – COD RELEASE 1.0**	• **MAY 13 – COD RELEASE 1.1** • **May 20 – Post Rollout Application Test begins (through Sept. 30)**		• **July 1 – Additional COD Capabilities**

More Information on COD

- **Other Spring Conference Sessions**
  - Session 11 – COD and Commonline: Dispel the Myths
  - Session 33– COD Options and Access
  - Session 35 – Pell Grant Processing Changes for 2002-2003
  - Session 36 – 2003-2004 COD Full Participation Invitation
  - Session 37 – Common School ID
  - Session 42 – COD: Direct Loan and Pell Processing

More Information on COD

- IFAP Website (www.IFAP.ed.gov)
  - Pell Grant and Direct Loan Technical References
  - Common Origination and Disbursement section
  - COD Technical Reference:
    - Full Participant Implementation Guide
    - COD Testing Guide
  - Updates and Frequently Asked Questions

- SFA Spring Training Series
  - 75 locations, beginning in May 2002
  - Day 2 Focuses on COD

Customer Service Call Center (until April 1, 2002)

- (800) 433-7327
- Mon-Fri 9:00AM-5:00PM ET

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